

# Endowment Fund Investment Board

Analyst: Sepich

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2019 Total App</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Approp</b>	<b>FY 2021 Request</b>	<b>FY 2021 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	722,700	629,700	745,500	758,600	753,600
Percent Change:		(12.9%)	18.4%	1.8%	1.1%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	530,700	491,200	547,000	560,600	554,200
Operating Expenditures	190,000	135,800	196,500	196,000	197,400
Capital Outlay	2,000	2,700	2,000	2,000	2,000
<b>Total:</b>	<b>722,700</b>	<b>629,700</b>	<b>745,500</b>	<b>758,600</b>	<b>753,600</b>
Full-Time Positions (FTP)	3.70	3.70	4.00	4.00	4.00

## Division Description

The Endowment Fund Investment Board (EFIB) is responsible for managing the investments of the land grant endowment funds (Section 57-721, Idaho Code), the State Insurance Fund (Section 72-912, Idaho Code), and other moneys as required by law (Section 57-720, Idaho Code). Other moneys as required by law include Ritter Island and Trail of the Coeur d'Alenes for the Idaho Department of Parks and Recreation, investments for the Kellogg institutional controls program for the Idaho Department of Environmental Quality, and two wildlife habitat endowments for the Idaho Department of Fish and Game.

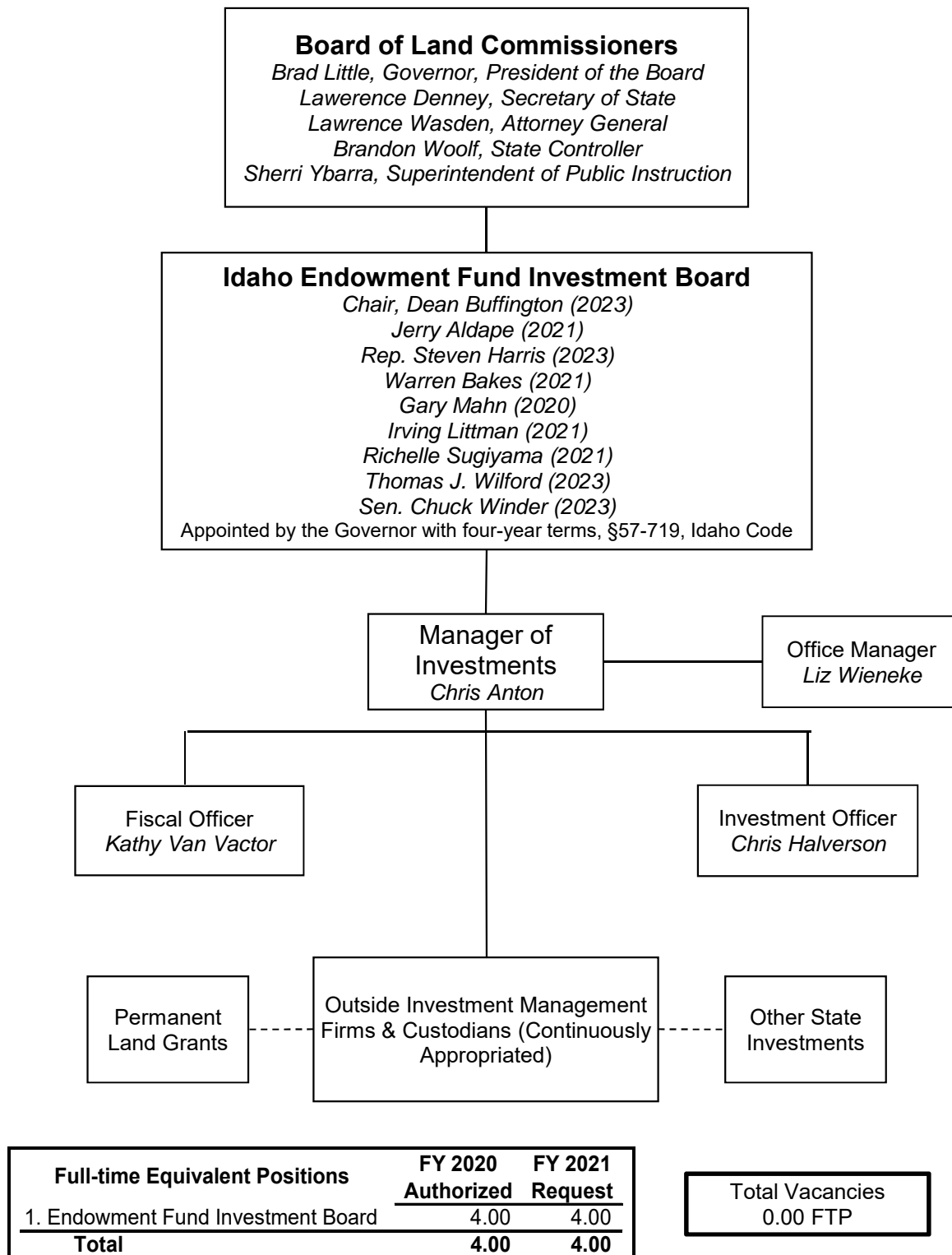
The State Legislature created the Endowment Fund Investment Board in 1969 (Section 57-718, Idaho Code), after the passage of a constitutional amendment in 1968. Before that, the State Treasurer had been responsible for the management of the state's land grant endowment funds. The Department of Finance took over investment responsibilities for two years until the EFIB's first manager was hired and the office opened July 1, 1971.

The 1998 Legislature approved four pieces of legislation (HJM9, HJR6, HJR8, and H643aa) that began the latest round of endowment reform. 1) HJM9 requested that Congress allow proceeds from the sale of public school endowment lands to be deposited into a land bank to be used to purchase other lands. Congress later approved the memorial. 2) HJR6 proposed amendments to the state constitution to change the word "disposal" to "sale" and to allow a land bank. Voters approved the constitutional amendment but the Supreme Court later invalidated the amendment, ruling that the amendment contained two questions and was not put properly before the people. The land board resubmitted the constitutional amendment regarding the land bank as HJR1 in 2000 and the electorate approved the amendment that fall. 3) HJR8 proposed amendments to the state constitution to allow the permanent fund to be invested rather than loaned, to create an earnings reserve, and to allow for payment of administrative costs from the earnings reserve. Voters approved that constitutional amendment in 1998. 4) H643aa of 1998 set up the distribution mechanisms necessary for the permanent funds, the earnings reserve and the income funds. The bill moved the Endowment Fund Investment Board from the Governor's Office to the Land Board effective July 1, 2000. Therefore, actual expenditures before FY 2001 are shown in the Executive Office of the Governor. The legislation also set up a land bank, and changed the makeup of the board. The makeup of the nine-member board changed to remove the Superintendent of Public Instruction and the Director of the Department of Finance, and replaced them with two "public members from the citizenry at large who are knowledgeable and experienced in financial matters and the placement or management of investment assets" (Section 57-718, Idaho Code). S1107 of 1999 changed the effective date of certain sections of H643aa to allow investment in equities (stock) effective February 15, 1999.

H690aa of 1998 established the Capitol Commission and the Capitol Endowment from the former Public Building Endowment effective on July 1, 1998. H643aa was to become effective July 1, 2000 creating a potential conflict with H690aa. However, during the 2000 session, the Legislature resolved that conflict by repealing the Public Building Endowment. H181 of 2013 established a Capitol Maintenance Reserve Fund for the Capitol Commission. Starting in FY 2014, most of the distribution from the Capitol Permanent Endowment Fund began flowing to the maintenance reserve instead of the Capitol Commission's operating fund.

# Endowment Fund Investment Board Organizational Chart

Analyst: Sepich



Performance Measure Report: <https://dfm.idaho.gov/publications/bb/perfreport/>

## Part I – Agency Profile

### Agency Overview

The Idaho Endowment Fund Investment Board (EFIB) is responsible for managing \$3.3 billion of investments consisting of the State of Idaho Endowment Fund, the financial reserves of the State Insurance Fund, and endowments for Idaho Parks and Recreation, Idaho Department of Environmental Quality, Idaho Department of Lands, and Idaho Department of Fish & Game.

The EFIB consists of nine individuals appointed by the Governor. The board includes one state senator, one state representative, a public education administrator, and six members of the public who are “knowledgeable and experienced in financial matters.” The EFIB has four employees in its Boise office, including a Manager of Investments who oversees day-to-day operations. Monthly reports of the EFIB’s activities and investment performance are made to the Board of Land Commissioners and other clients. The EFIB’s expenses are not paid from General Funds.

### Core Functions/Idaho Code

**Land Grant Endowment Funds** – Revenue from state endowment lands are transferred to the EFIB by the Idaho Dept. of Lands for investment under policies established by the Board of Land Commissioners. In turn, the EFIB, based on a Distribution Policy approved by the Board of Land Commissioners, makes monthly distributions to thirteen beneficiaries, the largest of which is the Public School Fund (Title 57, Chapter 7, *Idaho Code*). Annual distributions of income for a fourteenth beneficiary, the Capitol building, are determined by the Capitol Commission (Title 67, Chapter 16, *Idaho Code*).

**State Insurance Fund** – The EFIB, under policies approved by the State Insurance Fund, invests the surplus and reserve funds established to pay worker’s compensation claims insured by the State Insurance Fund. (Title 72, Chapter 9, *Idaho Code*)

**Parks & Recreation Endowment Funds** – The EFIB provides investment management services to support tow parks in the state. Distributions are determined by Parks & Rec. (Title 57, Chapter 7, *Idaho Code*)

**Department of Environmental Quality Endowments** – The EFIB provides investment management services to DEQ in support of the Silver Valley environmental cleanup. Distributions are determined by the Department of Environmental Quality. (Title 57, Chapter 7, *Idaho Code*)

**Department of Fish & Game Wildlife Mitigation Endowment Funds** – The EFIB provides investment management services to Fish & Game to support the maintenance of land acquired to enhance wildlife habitat. Distributions are determined by the Department of Fish and Game. (Title 57, Chapter 7, *Idaho Code*)

**Idaho Department of Lands Forest Legacy** – In FY19, the EFIB began providing investment management services to Idaho Dept. of Lands for the Forest Legacy Program, a federal program administered in partnership with the states using Land and Water Conservation Fund money (Uniform Conservation Easement Act, Title 55, Chapter 21). Distributions are determined by the Idaho Dept. of Lands. (Title 57, Chapter 7, *Idaho Code*)

### Revenue and Expenditures

Revenue	FY 2016	FY 2017	FY 2018	FY 2019
Misc. Revenue	\$135,900	\$139,500	\$82,300	\$81,100
Endowment Funds	<u>508,600</u>	<u>535,900</u>	<u>671,300</u>	<u>664,400</u>
<b>Total</b>	<b><u>\$644,500</u></b>	<b><u>\$675,400</u></b>	<b><u>\$753,600</u></b>	<b><u>\$745,500</u></b>

Expenditure	FY 2016	FY 2017	FY 2018	FY 2019
Personnel Costs	\$448,500	\$452,700	\$531,500	\$530,700
Operating Expenditures	165,500	164,800	153,000	190,000
Capital Outlay	3,600	1,300	1,200	2,000
<b>Total</b>	<b><u>\$617,600</u></b>	<b><u>\$618,800</u></b>	<b><u>\$685,700</u></b>	<b><u>\$722,700</u></b>

### Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2016	FY 2017	FY 2018	FY 2019
<b>Key Financial Statistics</b>				
Receipts from Dept. of Lands (net)	\$54,933,200	\$43,375,700	\$48,483,400	42,653,700
Total return from investments (net)	(10,423,300)	225,973,600	190,879,500	158,309,200
Less: Distributions to Beneficiaries	<u>(56,876,200)</u>	<u>(63,658,400)</u>	<u>(73,879,200)</u>	<u>(78,456,400)</u>
<b>Net Earnings</b>	<b><u>\$(12,366,300)</u></b>	<b><u>\$205,690,900</u></b>	<b><u>\$165,483,700</u></b>	<b><u>\$122,506,500</u></b>
<b>Total Market Value of Investments</b>				
Public School Endowment Funds	\$1,130,058,400	\$1,466,404,800	\$1,353,171,600	1,421,426,000
Other Land Grant Funds	<u>700,317,600</u>	<u>569,662,100</u>	<u>848,379,000</u>	<u>902,631,100</u>
Total Land Grant Endowment Funds	<u>\$1,830,376,000</u>	<u>\$2,036,066,900</u>	<u>\$2,201,550,600</u>	<u>\$2,324,057,100</u>
<b>Other Agencies:</b>				
ID. Dept. of Lands				365,200
ID. State Insurance Fund	669,898,300	729,292,700	761,154,700	832,992,600
ID. Dept. of Parks & Rec.	3,648,500	4,119,600	4,361,100	4,602,400
ID. Dept. of Environmental Quality	54,044,500	60,747,300	66,509,000	96,646,800
ID Dept. of Fish & Game	<u>19,412,800</u>	<u>21,820,400</u>	<u>24,331,100</u>	<u>34,325,600</u>
<b>Total Market Value of Investments</b>	<b><u>\$2,577,380,100</u></b>	<b><u>\$2,852,046,900</u></b>	<b><u>\$3,057,906,500</u></b>	<b><u>\$3,292,989,700</u></b>

### Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

	As of July 1, 2019
Number of Chapters	1
Number of Words	1,562
Number of Restrictions	9

### FY 2019 Performance Highlights

- The net position of the Land Grant Endowment Fund totaled \$2,324 million, an increase of \$122.5 million
- The portfolio generated investment returns before fees of 7.7%, placing it in the top 11th percentile in the Callan Public Fund Sponsor Database
- Distributions to land-grant beneficiaries totaled \$78.2 million

**Part II – Performance Measures**

Performance Measure		2016	2017	2018	2019	2020 Projected <sup>7</sup>	5-Year Avg. <sup>6</sup>
<b>As our clients' individual needs for managing an endowment fund require, we will:</b> Develop a prudent long-term investment strategy, utilize the best portfolio managers, consultants and other agents to execute that strategy, diligently evaluate performance over time, develop an effective distribution policy, and help them fulfill their fiduciary responsibilities and communicate with their stakeholders							
1. Return vs. Benchmark (net of fees)							
A. Land Grant Endowment Fund <sup>1</sup>	total return	-0.5%	12.5%	9.5%	7.2%	6.2%	6.2%
	target	0.8%	12.8%	8.4%	7.1%	6.2%	6.4%
	excess	-1.3%	-0.3%	1.1%	0.1%	0.0%	-0.2%
B. State Insurance Fund <sup>2</sup>	total return	3.6%	2.0%	1.6%	6.4%	3.3%	3.1%
	target	3.6%	2.1%	1.5%	6.7%	3.3%	3.1%
	excess	0.0%	-0.1%	0.1%	-0.3%	0.0%	0.0%
2. Return vs. Peers (gross of fees)							
A. Land Grant Endowment Fund <sup>3</sup>	total return	-0.2%	12.9%	9.9%	7.7%	6.7%	6.7%
	endowment/ foundation universe median	-1.6%	12.7%	8.3%	5.8%	5.7%	5.6%
	excess	1.4%	0.2%	1.6%	1.9%	1.0%	1.1%
B. Land Grant Endowment Fund <sup>4</sup>	total return	-0.2%	12.9%	9.9%	7.7%	6.7%	8.7%
	public funds universe median	0.5%	12.4%	8.2%	6.2%	5.7%	6.0%
	excess	-0.7%	0.5%	1.7%	1.5%	1.0%	2.7%
3. Percent Real Change in the Fund							
A. Land Grant Endowment: growth in Permanent funds to exceed the rate of inflation and population growth	annual growth in corpus	-4.7%	5.8%	11.3%	5.3%	6.7%	4.2%
	annual rate of inflation	0.7%	1.8%	2.3%	2.1%	2.3%	1.5%
	annual population growth	1.9%	2.3%	2.1%	1.8%	1.6%	1.8%
	excess	-7.3%	1.7%	6.9%	1.4%	2.8%	0.9%
B. Ritter Island Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period	five-year growth in corpus	1.1%	5.1%	5.1%	5.1%	6.7%	4.4%
	five-year rate of inflation	1.5%	1.3%	1.4%	1.5%	2.3%	1.5%
	excess	-0.4%	3.8%	3.7%	3.7%	4.4%	2.9%

Performance Measure		2016	2017	2018	2019	2020 Projected <sup>7</sup>	5-Year Avg. <sup>6</sup>
C. Trail of the Coeur d'Alenes Endowment Fund: growth in corpus in excess of the rate of inflation over a five-year period	five-year growth in corpus	1.6%	4.8%	4.8%	4.6%	6.7%	3.4%
	five-year rate of inflation	1.5%	1.3%	1.4%	1.5%	2.3%	1.5%
	excess	0.1%	3.5%	3.4%	3.1%	4.4%	1.9%
4. Change in Distributions to Land Grant Beneficiaries <sup>8</sup>							
A. No reduction in the total Endowment Distribution	change	\$56.5M	\$63.2M	\$73.5M	\$78.2M	\$80.9M	\$84.5M*
	target	Increase	Increase	Increase	Increase	Increase	Increase
B. Land Grant Endowment Earnings Reserves at least 600%-700% of next year's approved distribution	number below target	5	0	1	0	0	0
Performance Measure		2012-17 <sup>9</sup>	2013-18	2014-19	2015-20E	2016-21E	
C. Growth in Land Grant Endowment distributions exceeds inflation and population growth over a five-year period (avg. annual growth for all endowments)	growth in distributions	6.3%	9.1%	9.9%	9.3% <sup>5</sup>	8.4% <sup>5</sup>	
	inflation	1.3%	1.4%	1.5%	1.8% <sup>5</sup>	2.0% <sup>5</sup>	
	population growth	1.5%	1.7%	1.8%	1.9% <sup>5</sup>	1.9% <sup>5</sup>	
	excess	3.5%	6.0%	6.6%	5.6% <sup>5</sup>	4.5% <sup>5</sup>	

<sup>1</sup> Exceed benchmark consisting of 42.3% Russell 3000, 15.2% MSCI ACWI ex-US, 8.5% MSCI ACWI, 26% BBC Aggregate, 8.0% NCREIF-ODCE.

<sup>2</sup> Meet or exceed the benchmark consisting of 12% Russell 3000, 29.8% BBC Aggregate, 29.8% BBC Govt. Credit, 17% M/L 1-3 yr. Treasury, 8.5% TIPS, 3% M/L 3 mo. T-Bill.

<sup>3</sup> Exceed the median of peers in Callan database

<sup>4</sup> Exceed the median of peers in Callan database

<sup>5</sup> Based on projection

<sup>6</sup> for the trailing five-year period (FY14-FY18)

<sup>7</sup> Endowment Fund Staff projections based on a ten-year outlook

<sup>8</sup> Excluding Capitol endowment

<sup>9</sup> Excludes one-time \$22.5mm distribution to public schools in FY11

\*Recommended but not yet approved 2021 distribution

#### For More Information Contact

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# Investment Board, Endowment Fund

Analyst: Sepich

## FY 2019 Actual Expenditures by Division

		FTP	PC	OE	CO	T/B	LS	Total
<b>0.30</b>	<b>FY 2019 Original Appropriation</b>							
0349-00	Ded	0.85	66,200	12,900	0	0	0	79,100
0482-70	Ded	2.85	464,500	177,100	2,000	0	0	643,600
<b>Totals:</b>		3.70	530,700	190,000	2,000	0	0	722,700
<b>1.00</b>	<b>FY 2019 Total Appropriation</b>							
0349-00	Ded	0.85	66,200	12,900	0	0	0	79,100
0482-70	Ded	2.85	464,500	177,100	2,000	0	0	643,600
<b>Totals:</b>		3.70	530,700	190,000	2,000	0	0	722,700
<b>1.21</b>	<b>Net Object Transfer</b>							
0482-70	Ded	0.00	0	(1,000)	1,000	0	0	0
<b>Totals:</b>		0.00	0	(1,000)	1,000	0	0	0
<b>1.61</b>	<b>Reverted Appropriation</b>							
0349-00	Ded	0.00	(600)	(4,800)	0	0	0	(5,400)
0482-70	Ded	0.00	(38,900)	(48,400)	(300)	0	0	(87,600)
<b>Totals:</b>		0.00	(39,500)	(53,200)	(300)	0	0	(93,000)
<b>2.00</b>	<b>FY 2019 Actual Expenditures</b>							
0349-00	Ded	0.85	65,600	8,100	0	0	0	73,700
Miscellaneous Revenue			65,600	8,100	0	0	0	73,700
0482-70	Ded	2.85	425,600	127,700	2,700	0	0	556,000
Endowment Earnings Administrative			425,600	127,700	2,700	0	0	556,000
<b>Totals:</b>		3.70	491,200	135,800	2,700	0	0	629,700
<b>Difference: Actual Expenditures minus Total Appropriation</b>								
0349-00	Ded		(600)	(4,800)	0	0	0	(5,400)
Miscellaneous Revenue			(0.9%)	(37.2%)	N/A	N/A	N/A	(6.8%)
0482-70	Ded		(38,900)	(49,400)	700	0	0	(87,600)
Endowment Earnings Administrative			(8.4%)	(27.9%)	35.0%	N/A	N/A	(13.6%)
<b>Difference From Total Approp</b>			<b>(39,500)</b>	<b>(54,200)</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>(93,000)</b>
<b>Percent Diff From Total Approp</b>			<b>(7.4%)</b>	<b>(28.5%)</b>	<b>35.0%</b>	<b>N/A</b>	<b>N/A</b>	<b>(12.9%)</b>

# Endowment Fund Investment Board

## Agency Profile

Analyst: Sepich

### Profile of Key Services Provided

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
End of Year Market Values of Funds Under Management (\$ Millions)						
1. Public School Permanent Endowment	\$922.4	\$954.0	\$847.4	\$911.6	\$1,026.5	\$1,068.2
2. Public School Earnings Reserve Fund	163.8	183.6	282.6	343.7	326.7	353.2
3. Other Land Grant Permanent Funds	477.4	500.9	538.6	554.8	605.9	651.3
4. Other Land Grant Earnings Reserves	181.2	204.2	161.8	226.0	242.5	251.3
5. Subtotal Land Grant Endowments	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6	\$2,324.1
6. Capitol Permanent Endowment	in line 3	in line 3	in line 3	in line 3	in line 3	in line 3
7. State Insurance Fund	630.2	621.5	669.9	729.3	761.2	833.0
8. Judges' Retirement (to PERSI in 2015)	75.1	0.0	0.0	0.0	0.0	0.0
9. Other Investments *	3.7	74.8	77.1	86.7	95.2	135.9
10. Total Funds under Management	\$2,453.7	\$2,539.1	\$2,577.4	\$2,852.0	\$3,057.9	\$3,293.0

\*IDPR Ritter Island \$1.5 M; IDPR Trail of the Coeur d'Alenes \$3.1 M; **DEQ Bunker Hill Water Treatment \$96.6 M**; IDFG Wildlife Stewardship \$21.6 M; IDFG Trust \$4.8 M; IDFG Blackfoot \$0.5 M; IDL: \$0.4 M

### Combined Permanent and Earnings Reserve Funds (\$ Millions)

11. Beginning Value July 1	\$1,434.8	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6
12. Lands Contributions- Permanent Fund	28.28	49.14	2.08	1.95	2.65	2.70
13. Lands Contributions- Earnings Reserve	87.87	83.09	78.18	70.67	73.49	69.35
14. Income (Loss) from Investments	273.75	53.17	(2.84)	233.81	200.01	167.39
15. Lands Expenses	(23.72)	(27.69)	(25.33)	(29.24)	(27.65)	(29.40)
16. EFIB Expenses	(7.27)	(7.65)	(7.59)	(7.83)	(9.13)	(9.08)
17. Capitol Endowment Distributions	(.05)	(.10)	(.40)	(.50)	(.40)	(.25)
18. Distributions to Beneficiaries	(48.84)	(51.98)	(56.47)	(63.16)	(73.48)	(78.21)
19. Ending Combined Perm and ER Funds	\$1,744.8	\$1,842.7	\$1,830.4	\$2,036.1	\$2,201.6	\$2,324.1
20. Gross Investment Return Before Fees	18.8%	3.0%	(0.2%)	12.9%	9.9%	7.7%
21. Expenses to year-end net assets	0.42%	0.44%	0.43%	0.38%	0.41%	0.39%

					FY 2020	FY 2021
Distributions to Beneficiaries (\$ Millions)	FY 2016	FY 2017	FY 2018	FY 2019	Approp	Estimate
22. Public Schools	\$32.7588	\$36.7248	\$47.0496	\$50.3256	\$51.2600	\$52.5864
23. Agricultural College	1.2888	1.3476	1.3476	1.4472	1.4660	1.5516
24. Charitable Institutions	4.5000	5.5440	5.5440	5.7540	5.7540	5.9916
25. Idaho State University 4/15	1.2000	1.4784	1.4784	1.5344	1.5344	1.5978
26. Juvenile Corrections Center 4/15	1.2000	1.4784	1.4784	1.5344	1.5344	1.5978
27. State Hospital North 4/15	1.2000	1.4784	1.4784	1.5344	1.5344	1.5978
28. Veterans Home 5/30	.7500	.9240	.9240	.9590	.9590	.9986
29. School for the Deaf and Blind 1/30	.1500	.1848	.1848	.1918	.1918	.1997
30. Normal School	3.6084	4.2624	4.2624	4.4100	4.9460	5.3340
31. ISU College of Education 1/2	1.8042	2.1312	2.1312	2.2050	2.4730	2.6670
32. Lewis-Clark State College 1/2	1.8042	2.1312	2.1312	2.2050	2.4730	2.6670
33. Penitentiary	1.8720	1.9656	1.9656	2.1936	2.2470	2.5008
34. School of Science	3.8664	4.7088	4.7088	4.8264	4.9300	5.4204
35. SHS Mental Hospital	4.5624	4.5624	4.5624	5.0244	5.9550	6.3696
36. University of Idaho	4.0164	4.0428	4.0428	4.2252	4.3600	4.7664
37. Land Grant Beneficiary Distributions	\$56.4732	\$63.1584	\$73.4832	\$78.2064	\$80.9180	\$84.5208
38. Percent Change in Distributions	8.6%	11.8%	16.3%	6.4%	3.5%	4.5%

Except for the Capitol Endowment, the distribution rule for each land grant endowment is based on a percentage of the three-year moving average of the permanent fund.

# Endowment Fund Investment Board

Analyst: Sepich

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2020 Original Appropriation</b>	<b>4.00</b>	<b>0</b>	<b>745,500</b>	<b>4.00</b>	<b>0</b>	<b>745,500</b>
Sick Leave Rate Reduction	0.00	0	0	0.00	0	(1,400)
<b>FY 2020 Total Appropriation</b>	<b>4.00</b>	<b>0</b>	<b>745,500</b>	<b>4.00</b>	<b>0</b>	<b>744,100</b>
Removal of Onetime Expenditures	0.00	0	(4,200)	0.00	0	(4,200)
Restore Ongoing Rescissions	0.00	0	0	0.00	0	1,400
<b>FY 2021 Base</b>	<b>4.00</b>	<b>0</b>	<b>741,300</b>	<b>4.00</b>	<b>0</b>	<b>741,300</b>
Benefit Costs	0.00	0	8,600	0.00	0	(2,700)
Replacement Items	0.00	0	2,000	0.00	0	2,000
Statewide Cost Allocation	0.00	0	1,700	0.00	0	1,700
Change in Employee Compensation	0.00	0	5,000	0.00	0	9,900
<b>FY 2021 Program Maintenance</b>	<b>4.00</b>	<b>0</b>	<b>758,600</b>	<b>4.00</b>	<b>0</b>	<b>752,200</b>
OITS 1 – Operating Costs	0.00	0	0	0.00	0	100
OITS 2 – Servers and Licensing	0.00	0	0	0.00	0	1,300
Budget Law Exemptions	0.00	0	0	0.00	0	0
<b>FY 2021 Total</b>	<b>4.00</b>	<b>0</b>	<b>758,600</b>	<b>4.00</b>	<b>0</b>	<b>753,600</b>
Change from Original Appropriation	0.00	0	13,100	0.00	0	8,100
% Change from Original Appropriation			1.8%			1.1%

# Endowment Fund Investment Board

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2020 Original Appropriation</b>					
The Legislature funded one line item for FY 2020, which included \$5,100 for technology consolidation and modernization.					
	4.00	0	745,500	0	745,500
<b>Sick Leave Rate Reduction</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends a six-month reduction of funding for employers who contribute to the PERSI-managed sick leave plan. This reduction will begin to draw down the reserve balance, which has grown significantly during the past several years.</i>					
Governor's Recommendation	0.00	0	(1,400)	0	(1,400)
<b>FY 2020 Total Appropriation</b>					
Agency Request	4.00	0	745,500	0	745,500
Governor's Recommendation	4.00	0	744,100	0	744,100
<b>Removal of Onetime Expenditures</b>					
This adjustment removes \$2,000 for replacement items and \$2,200 appropriated for the Governor's Technology Initiatives funded on a onetime basis in FY 2020.					
Agency Request	0.00	0	(4,200)	0	(4,200)
Governor's Recommendation	0.00	0	(4,200)	0	(4,200)
<b>Restore Ongoing Rescissions</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends restoration of the sick leave rate reduction.</i>					
Governor's Recommendation	0.00	0	1,400	0	1,400
<b>FY 2021 Base</b>					
Agency Request	4.00	0	741,300	0	741,300
Governor's Recommendation	4.00	0	741,300	0	741,300
<b>Benefit Costs</b>					
Employer-paid benefit changes include an 18.9% increase (or \$2,200 per eligible FTP) for health insurance, bringing the total appropriation to \$13,850 per FTP. Also included are a one-year elimination of the unemployment insurance rate, a restoration of the Division of Human Resources rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	8,600	0	8,600
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and changes to federal tax policies; a one-year elimination of the sick leave rate and the unemployment insurance rate; restoration of the Division of Human Resources rate; and adjustments for workers' compensation rates.</i>					
Governor's Recommendation	0.00	0	(2,700)	0	(2,700)
<b>Replacement Items</b>					
The Endowment Fund Investment Board requests \$2,000 in dedicated funds to purchase one new computer and accessories.					
Agency Request	0.00	0	2,000	0	2,000
Governor's Recommendation	0.00	0	2,000	0	2,000
<b>Statewide Cost Allocation</b>					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will increase by \$900 and State Controller fees will increase by \$800, for a net increase of \$1,700.					
Agency Request	0.00	0	1,700	0	1,700
Governor's Recommendation	0.00	0	1,700	0	1,700

# Endowment Fund Investment Board

Analyst: Sepich

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Change in Employee Compensation</b>					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	5,000	0	5,000
<i>The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.</i>					
Governor's Recommendation	0.00	0	9,900	0	9,900
<b>FY 2021 Program Maintenance</b>					
Agency Request	4.00	0	758,600	0	758,600
Governor's Recommendation	4.00	0	752,200	0	752,200
<b>OITS 1 – Operating Costs</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends this agency's share of ongoing funding to pay the Office of Information Technology Services for security software and data center office space located at the Chinden Campus.</i>					
Governor's Recommendation	0.00	0	100	0	100
<b>OITS 2 – Servers and Licensing</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends this agency's onetime share of funding for software licensing, server infrastructure, and storage to expand system capabilities on core systems and to maintain agency-specific software.</i>					
Governor's Recommendation	0.00	0	1,300	0	1,300
<b>Budget Law Exemptions</b>					
The Endowment Fund Investment Board requests a continuous appropriation for consulting fees, bank custodial fees, and portfolio-related external costs. The variable costs associated with these services depend on the size of the portfolio and the turnover of investments. This uncertainty makes budgeting difficult. Appropriation bill language allows the Legislature to re-evaluate the need for a continuous appropriation on an annual basis and to consider a fixed appropriation should the costs be determined to be more predictable. Actual costs paid through the continuous appropriation have steadily increased from \$1,327,400 in FY 2001 for the first full-year after endowment reform to \$9,388,200 in FY 2019.					
Language Requested: The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, bank custodial fees, and portfolio-related external costs for the period July 1, 2020, through June 30, 2021.					
Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2021 Total</b>					
Agency Request	4.00	0	758,600	0	758,600
Governor's Recommendation	4.00	0	753,600	0	753,600
Agency Request					
Change from Original App	0.00	0	13,100	0	13,100
% Change from Original App	0.0%		1.8%		1.8%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	0	8,100	0	8,100
% Change from Original App	0.0%		1.1%		1.1%